

simultaneously in a number of countries which, by curtailing their imports drastically, shifts the burden on other developing countries either directly or through adverse impact on developed countries.

Assuming, However, that a stabilisation - i.e., elimination of inflation and correction of the adverse balance of payments — is the goal, the mix of policies required and their effectiveness has to be determined in the light of the situation of a given country. These questions are explored in the paper by Khan and Knight. It is important in this context to isolate the causes of the imbalance. Clearly, if they are primarily external and those on which the country has no control — the prescription will be more in the direction of finance rather than too quick an adjustment. More so, when the external factors are transitory. Among the instruments to choose from are demand management policies, supply-side policies, policies to stimulate the growth of capacity output, and change in the exchange rate. Khan and Knight have developed a simulation model "to analyse the effects of the various policy instruments. In their words: "The model used for simulation experiments does not pretend to capture all the intricacies of a comprehensive stabilisation programme, but the exercises do demonstrate that there are no perverse empirical relationships that would eliminate any particular policy from consideration. All types of policy measures, they conclude, are effective and these include credit control, devaluation, supply management." (Emphasis added.)

In the perception of the IFIs there may be a conflict between growth and stability; and emphasis in policy prescriptions varies, stability almost invariably being denned as essential if not sufficient. The concern with distribution of the gains of growth is hardly evident in IMF programmes. The World Bank seeks to pay attention to distributional considerations, but in its programmes efficiency is stressed. And since most economies are seen to be functioning below their efficiency frontier, the question of trade-off between greater output and greater equality does not arise. Both, the Bank would say, could be increased by more efficient policies.

The lessons of stabilisation policies are brought together in a stimulating article by Dornbush. He states: "Old style programmes emphasise fiscal dis-

cipline and the right exchange rate. New style programmes give prominence to purchasing power parity and monetary approach. The former is right in the long run but does not pronounce on the dynamics. The latter turns out to be wrong in respect of the dynamics." Dornbush brings out clearly the consequences of new style stabilisation programmes: high real interest rates and/or overvalued exchange rates. This is the experience in Chile, Argentina and the UK. He considers the alternative (which is "hard to accept, were it not for the alternatives") involving wage controls, excess profit taxes, exchange rate targeting, price controls in the public sector and some restraint on the rise in real interest rate ("so as to encourage investment and productivity growth").

#### INTEREST RATES : How HIGH?

We seem thus to have come a full circle. The new style monetary approach *a la* McKinnon and Shaw argued against 'financial repression' and for policies which would push real interest rates up sufficiently to permit full play for financial intermediation. Money and capital, this approach postulated, are not competitive but complementary. But experience does not seem to have borne this out fully: we do seem to be in the Keynesian world in which high interest rates curb capital formation. As Rhatkate puts it in his lucid introduction: "In the presence of distortions in the financial

markets, it is no doubt a sensible policy to raise interest rates. The problematic issue is how far to go. Raising real interest rates without any regard for the rates of return on investment may run counter to the requirements of development."

Maxwell Fry's article on "Models of Financially Repressed Developing Economies" explores the dynamics of the McKinnon-Shaw theories; that by Vito Tanzi and Blejer considers limitations of interest rate policies in open developing economies and the one by Porter and Ranney describes an eclectic model of macro-economic policies which seeks to synthesise several approaches.

All in all, there is quite a rich fare in this collection to suit different tastes: those who may wish to pursue the theoretical niceties of stabilisation policies as well as those who want to learn from the experience of such policies in a few countries and to design a suitable mix for their own economy. The message comes loud and clear: there is no standard solution for all LDCs. The experience of a country and the expectations it generates are crucial to the appropriate design of stabilisation policies. And the often-felt conflict between short-run stability and long-run objectives of growth and equity is not easy to resolve. If this collection is a useful reading for policy makers in LDCs, It is clearly a must for policy makers in international financial institutions.

## Basic Education as Scapegoat

Krishna Kumar

**Elementary Education in India; Myth, Reality, Alternative** by John Kurrien; Vikas, New Delhi, 1983; Rs 125.

ONE of the more popular roles these days among social commentators is that of a destroyer of myths. Within one week I have read three pieces which separately destroy the myths of secularism, development, and the centre. The mode of destruction involves labelling an idea or phenomenon as a myth, then attributing to it the ills that were earlier attributed elsewhere. John Kurrien does precisely this. Well aware as he is of all the ills that plague elementary education in India, he identifies 'basic education' as the key evil, labels it as a myth, argues that the myth of basic education is responsible for the country's educational backwardness, and suggests an alternative.

Supporters of basic education must feel grateful to Kurrien for taking it more seriously than anyone seems to have done before.

Kurrien starts his book with an analysis of the discrepancies between the enrolment figures provided by the Ministry of Education and the Census. His analysis shows that the Ministry data are overestimates. Even with overestimates, we know that the Ministry has never been able to present a rosy picture. The progress of elementary education has remained dismal despite constant increase in overall enrolment. In 1976, as many as 45 per cent of the country 6-14 year old children were out of schools. So Kurrien is right in suggesting that no

one should expect universal enrolment by 1990 or even by the turn of the century, under the present system of education.

Who does one hold responsible for the fact that elementary education for all children is nowhere in sight in this country? According to Kurrien, the blame should go to basic education. Gilded though it was with the support of influential politicians including Gandhi, it was unsuitable, says Kurrien, to Indian conditions. Yet, despite ongoing failure, the model of basic education continues to shadow official policy under different masks such as 'work experience' and 'socially useful productive work'. As far as Kurrien is concerned, these programmes are merely reinforcing the wrong choice made after independence.


One has to wade patiently through the forty pages of Kurrien's third chapter to find out precisely what was wrong with basic education. The reading has a ratiocinative feel to it; at every turn of the page, you feel, 'now I will know', but then you do not. Eventually, however, one does learn why Kurrien is so peeved with basic education. The gist of his criticism is that basic education was too lofty, expensive, and cumbersome an

idea for a poor country like India. Had India pursued a different line of educational planning, the results might have been different, Kurrien's argument suggests. The components of such an alternative line would have been: universalisation only up to age 11, not 14; emphasis on literacy and numeracy (as opposed to a craft); double shifts, and so on. These are some of the features of the alternative Kurrien himself suggests in the end. The other features he talks about add up to a humanistic pedagogy of the sort basic education was expected to become.

Right in the first chapter Kurrien tells us that the vast majority of children who do not enrol or drop out early are either girls or members of oppressed groups such as scheduled castes, tribes, landless labourers, and urban slum dwellers. Kurrien gets so busy in whipping his dead horse, namely basic education, that he finds no time to examine how social disadvantage translates into discouragement by the education system. Only indirectly does his commentary indicate that since the poor cannot afford to dispense with their children for a long school day, a model based on full-time school attendance would force children of the poor to drop

out. This familiar argument hides a number of things: first, children who drop school in order to work do so because earning elders are exploited and paid highly inadequate wages; secondly, the relationship between child labour and non-enrolment is not a direct, cause-effect relationship; thirdly, conditions of the school may determine the child's decision to stay away from it.

The most striking feature of Kurrien's exposition is the absence of historical and politico-economic analysis of the period during which basic education was introduced and phased out. Researchers who choose to ignore the wider context of education are left with evaluation of policy choice, and this they do by distinguishing 'rational' from 'irrational' models. Why 'irrational' choices are made is not explained. For example, when Kurrien is faced with expenditure figures that show how higher education is easing into the meagre resources of elementary education, he calls this transfer of resources 'criminal'. As an analyst of educational policy, one would expect Kurrien to find out why such a 'crime' is being committed, who commits it, and how it gets condoned. Strong words alone do not make analysis.



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